

# Mississippi Department of Corrections' FY 2022 Cost Per Inmate Day

## Report Overview

### Background

During its 1994 special session, the Legislature passed Senate Bill 2005 (now codified as MISS. CODE ANN. Section 47-5-1201 [1972] et seq.) to address short- and long-term bed capacity within the state's correctional system. The bill created the State Prison Emergency Construction and Management Board to expedite the contracting and construction of proposed public and private prison facilities authorized by the bill.

MISS. CODE ANN. Section 47-5-1211 (3) (a) (1972) states:

*No contract for private incarceration shall be entered into unless the cost of the private operation, including the state's cost for monitoring the private operation, offers a cost savings of at least ten percent (10%) to the Department of Corrections for at least the same level and quality of service offered by the Department of Corrections.*

The law also required that the state cost per inmate day be certified annually by a certified public accountant and that the certified cost be used as the basis for verifying the 10% savings required for private contractor costs. Historically, MDOC used the cost of operation of similar units and adjusted them to recognize economies of scale to arrive at a cost of operation of a 500- or 1,000-bed facility.

During its 2012 Regular Session, the Legislature passed H.B. 440 (amending MISS. CODE ANN. Section 47-5-1211 [1972]), which requires the cost per inmate day calculation to occur every two years instead of annually and to require development of a current cost-based model for the calculation. This report serves as the model for the basis of the cost per inmate day calculation.

### Using the Cost-based Model Method

H.B. 440 requires MDOC to use a cost-based model to calculate the state's inmate cost per day to operate a certain type of prison facility. Given a certain number of inmates and their security classification, the model facility's projected operating costs include costs associated with the required security staffing configuration and common system-wide costs such as medical and food, and associated MDOC administrative costs. By determining the state's cost to operate the model facility, MDOC has an inmate cost per day projection that serves as the basis in negotiating with a potential contractor to operate a private prison facility at the minimum ten percent savings required by state law. Because the cost-based model approach is specific to a certain type of privately operated facility, MDOC's state cost projection does not represent MDOC's costs to operate any of the three state operated facilities—i.e., Mississippi State Penitentiary [Parchman], Central Mississippi Correctional Facility [Rankin County], and South Mississippi Correctional Institution [Greene County].

In calculating the state's costs for a model facility, MDOC projects the facility's security staffing configuration—e.g., correctional officers and their supervisors—which is based on the number of inmates to be housed in the facility and their various security classifications. Costs of the model facility also include those associated with non-security personnel, such as a Deputy Warden for Programs, case managers, chaplains, and Division of Records personnel. Some non-security personnel are independent of the number of inmates while others are dependent on the size of the facility. Other system-wide costs, such as medical, food, and MDOC administrative costs are also included in the model calculations.

## Analysis of Changes in Cost Per Inmate Day

**Calculated operating costs related to security personnel increased approximately 30% from FY 2020 to FY 2022. MDOC attributed this increase to a new personnel scheduling model and the implementation of the state's new compensation system.**

As a component of its oversight, PEER reviewed the results of the *Mississippi Department of Corrections Schedule of Average Daily Costs Per Inmate Day for a Model Facility*. PEER analysis notes an increase in the operating costs for security personnel of approximately 30% (i.e., costs increased from \$20.66 for FY 2020 to \$26.77 for FY 2022).

In discussions with staff from MDOC and the contracted auditor, MDOC attributed this increase in cost to a new scheduling model utilizing 12-hour shifts (the previous model utilized 8-hour shifts) and the implementation of the state's new compensation system, SEC2.<sup>1</sup>

PEER analysis showed that cost for non-security personnel declined by approximately 36% (i.e., per-inmate costs decreased from \$7.24 in FY 2020 to \$4.65 in FY 2022). MDOC reported that the facility expenditures utilized to provide historical costs for the FY 2022 report were based on expenditures for an increased inmate population. However, as highlighted on pages 10 and 11, non-security personnel costs may be unrelated to the number of inmates housed in a facility (i.e., additional inmates may not necessitate the hiring of additional office/clerical personnel). This means that similar year-to-year operating costs may have been allocated over a larger inmate pool, resulting in a lower cost per inmate calculation.

## Negotiating Private Prison Payments

**MDOC should negotiate private prison contracts to yield savings significantly greater than the 10% required by law.**

State law requires that private prisons represent *at least a 10% savings to MDOC's costs for the same level and quality of services*. It should be noted that cost savings offered by private prisons may exceed the 10% threshold. Therefore, when negotiating private prison contract per diems, items borne solely by the state should be eliminated and due consideration given to reducing other costs in which the state bears additional or different costs than the costs incurred by private prisons.

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<sup>1</sup> SEC2 is Mississippi's new compensation system that went into effect January 1, 2022. SEC2 was developed by the Mississippi State Personnel Board to create a classification system that is fair and equitable and allows for recruitment, retention, and motivation of a qualified workforce.